Before the FEDERAL COMMUNICATIONS COMMISSION Washington, DC 20554

IN THE MATTER OF)	
)	
REQUEST FOR REVIEW OF)	WC DOCKET NO. 02-60
TELEQUALITY COMMUNICATIONS, INC.)	
OF DECISION OF THE UNIVERSAL)	
SERVICE ADMINISTRATOR)	

TO: THE WIRELINE COMPETITION BUREAU

REQUEST FOR REVIEW

TeleQuality Communications, Inc. ("TQCI"), by its attorney and pursuant to sections 54.719(b) and 54.720(a) of the Commission's Rules, hereby requests review of the Universal Service Administrator's ("USAC") denial of the appeal of Family Healing Center ("FHC") of USAC's denial of funding under the Rural Health Care (RHC) program.

TQCI seeks review on behalf of FHC fundamentally because FHC did <u>not</u> violate the RHC program's competitive bidding rules, as USAC ruled.² Rather, FHC complied fully with the rules, and particularly the 28-day "waiting period rule,³ but the complex fact situation and timeline concerning this matter was misunderstood by USAC in its Appeal Denial. TQCI herein explains that the rules were fully observed, and accordingly the USAC Appeal Denial should be reversed and funding should be duly granted.

I. FACTUAL SUMMARY

In summary, as further demonstrated below:

¹ Letter from USAC, Rural Health Care Division, to Mr. Dale G. Wollenzian, Family Healing Center (Apr. 27, 2017) ("USAC Appeal Denial"), attached hereto as <u>Exhibit 1</u>.

² See id.

³ 47 C.F.R. § 54.603(a), (b)(1), (3) (2016).

- 1. As the USAC Appeal Denial correctly states, FHC duly posted FCC Form 465 for Funding Year 2015 on September 1, 2015, stating simply "This HCP requires telecommunications services to several locations within Northern Arizona." After the requisite 28-day competitive bidding period, FHC selected TQCI, and initially opted to obtain 100 Mbps Ethernet service through a contract with TQCI executed on February 2, 2016. On June 10, 2016—nearly at the end of Funding Year 2015-- FHC duly submitted Form 466 (FRN 1582549 for contract NCH.AZ.012216.0009), and USAC approved funding and duly issued an FCL on July 13, 2016. As the USAC Appeal Denial also states, FHC subsequently submitted a FY 2015 Form 467, informing USAC that the service would not be activated during FY 2015 and cancelling the request. This much is not in dispute, and is set forth in the USAC Appeal Denial.
- 2. The USAC Appeal Denial also states that on February 2, 2016 and March 10, 2016-- still in FY 2015-- FHC and TQCI signed two additional service agreements, for different circuits at different locations: one contract for T3/DS3 (45 Mbps) services at five locations, and the other contract for Ethernet (1 Gbps) service at two locations, respectively. This too is not in dispute.⁶
- 3. What the USAC Appeal Denial did *not* understand is that the February 2 and March 10, 2016 contracts, executed during FY 2015, were for additional services encompassed under the FY 2015 Form 465 that were intended to be activated within FY 2015. FHC requested activation by TQCI within FY 2015, and TQCI

⁴ See Exhibit 2 hereto.

⁵ See USAC Denial Appeal at p. 2, citing FY 2015 FCL for FRN 1582549 (July 13, 2016).

⁶ See id. at p.3 and nn. 13-15.

began performing under those contracts by ordering the circuits from its underlying carriers and initiating other pre-installation services, on February 24 and April 13, 2016, respectively. However, due to delays incurred in the circuit ordering process, TQCI was unable to activate these circuits before the end of FY 2015. FHC did not submit Form 466 funding requests for these circuits in FY 2015, for the simple reason that there were no charges to be funded, as no invoices had been issued or received for services that were not activated during the 2015 Funding Year.

4. Because FHC wished to continue to obtain the services described in paragraph 3 above in FY 2016, on May 27, 2016 FHC duly posted a Form 465 for FY 2016. For that reason, the Form 465 gave the same description of its needs in that Form 465: "This HCP requires telecommunications services to several locations within Northern Arizona." For this Form 465, no bids were received in response by any service provider during the 28-day period that ended on June 24, 2016. Because the services sought for FY 2016 were the same as the services that had been contracted for under the February 2 and March 10, 2016 agreements that had been signed for FY 2015 and under which TQCI had begun performance (although, as explained above, due to the delays the circuits had not been activated), and in light of the fact that FHC had received no other bids, FHC elected to take service under those pre-existing contracts with TQCI, the only service provider willing to provide the services sought. This election was squarely within the exception to the 28-day waiting period rule articulated by the FCC in the Bureau's *Waukon*

⁷ See Exhibit 3 hereto.

Order: namely, that "applicants may use contracts signed before the expiration of the 28-day waiting period if: "(i) the applicant is choosing to continue service under an existing contract; (ii) the applicant competitively bid the services for the new funding year; and (iii) the applicant decides, after reviewing the competitive bids, to continue with the existing contract." FHC did all of these things.

Accordingly, on August 31, 2016, FHC duly submitted Forms 466 for these services, appropriately listing the pre-existing February 2 and March 10, 2016 contracts.

5. In sum, FHC did not violate the competitive bidding rules (*i.e.*, the 28-day rule) by executing new" contracts prior to the expiration of the 28-day bidding period for its FY 2016 Form 465, as the USAC Appeal Denial found. Rather, after the 28-day period elapsed on June 24, 2016 with no other bids, FHC adopted the pre-existing active contract with TQCI that had been executed during and for FY2015 and under which TQCI had begun performance within FY 2015. Properly construed and in fact, the FY 2016 funding request was for a continuation of services that had been contracted for and begun in the prior year, although the circuits had not yet been activated.

As described above, TQCI provides various types of telecommunications services to different locations for FHC. Each contract has a distinct Contract Number. Moreover, each service *location* has a unique Billing Account Number (BA#). Included as **Exhibit 4** hereto is a

⁸ Request for Review Franciscan Skemp Waukon Clinic, WC Docket No. 02-60, Order, 29 FCC Rcd 11714, 11715, para. 3 (2014) (Waukon Order) at para. 3 (citing Request for Review of the Decision of the Universal Service Administrator by Kalamazoo Pub. Schs., CC Docket No. 96-45, Order on Reconsideration, 17 FCC Rcd 22154, 22157-58, paras. 6-7 (2002)).

spreadsheet showing the history of each service, the corresponding contracts and BA #s, and, where applicable, the accompanying FRNs, Form 466 filing dates, and USAC actions.

II. FHC DID NOT VIOLATE THE COMPETITIVE BIDDING RULES

The essence of USAC's denial of funding and its denial of FHC's appeal is its finding that FHC entered into "new" contracts with TQCI for FY 2016 before the expiration of the required 28-day bidding period, and indeed even before FHC submitted its Form 465 for FY 2016, in violation of the program's competitive bidding rules. USAC found that the limited exception to the 28-day period rule established in the Bureau's *Kalamazoo Order*⁹ and clarified more recently for the RHC program in its *Waukon Order* did not apply, because "those circumstances are not present here." Indeed, the USAC Appeal Denial emphasized (and twice italicized) the *Waukon* exception's language "to continue service under an existing contract," and concluded that "[b]ecause [FHC] was not continuing to receive these services through an existing contract, and instead signed new contracts with TeleQuality before the start of the 28-day waiting period for [its] FY 2016 FCC Form 465, [FHC] did not comply with the FCC's competitive bidding rules."

But, as shown above, these were <u>not</u> new contracts for FY 2016; they were contracts executed during FY 2015 that were intended to be for service during the latter months of FY 2015, and under which ordering and provisioning actually began during FY 2015, which allowed the circuits to actually be activated on later dates.¹²

⁹ Kalamazoo Pub. Schs, supra note 8.

¹⁰ USAC Appeal Denial at p. 4.

¹¹ Id. at p. 5.

¹² See Exhibit 4, column 8 ("Date Service Installed").

The USAC denial may rely on the fact that the contracts at issue stated that the terms would begin on "the circuit completion date" but the services were not activated in FY 2015. This conflates service provisioning date with actual service activation (i.e., "turn-up" date). However, although under the contracts TQCI was not to charge FHC for services until they were actually activated, it began to perform its obligations under the contracts immediately, in its best efforts to ready the services for activation during FY 2015. Once TOCI receives a signed contract, the provisioning process begins and the customer receives weekly updates on the status of the order. In the matter at hand, once the contracts were executed on February 2 and March 10, 2016, TQCI placed orders to the underlying carriers, thus beginning the provisioning process. Provisioning a telecommunications network encompasses preparation of the service by the underlying carrier, facility work, configuration and installation of the customer premise equipment (CPE), and finally a test and turn up (TTU) process. The TTU process consists of connecting CPE to the circuit, testing the circuit, and customer acceptance of the circuit upon completion of testing. The intent of both TQCI and FHC was to have these services active as quickly as possible, and certainly within the 2015 funding year. Due to the lack of carrier facilities and availability of technicians in these rural areas, TQCI was unable to accomplish service activation prior to the end of FY 2015. However, TQCI was clearly working diligently on behalf of the customer, and regularly communicating this work to the customer, for the entire duration of time between receipt of signed customer contracts and eventual service activation. Although the underlying service hadn't been activated, and thus the customer had not started receiving service bills, it is illogical to argue that TQCI was not providing valuable service to its

¹³ USAC Appeal Denial at p. 3.

customer. In short, FHC expected to receive telecommunications service as quickly as possible from TQCI, which, in turn, was working diligently to accomplish the task.

Accordingly, the February 2 and March 10 contracts were existing and performance under them began during FY 2015, and so they were appropriate for adoption by FHC in FY 2016 under *Waukon*, especially in the absence of any other bids. TQCI was performing those contracts in FY 2015 for as many as four months, with the objective and intention of activating the services during FY 2015. FHC and TQCI should not be penalized for making best efforts to activate the services during FY 2015. Nor should FHC be penalized for not filing a Form 466 for those contracted services before the end of FY 2015, since the services had not yet been turned on or billed during FY 2015.

It is worth noting that in *Waukon*, wherein the HCP's appeal was denied, the HCP had argued that it adhered to the competitive bidding rules because "after it signed a service contract with Charter, it took appropriate action to seek competitive bids by posting an FCC Form 465." In *Kalamazoo*, where there was an existing contract, the Bureau granted the appeal. And in the *Cochrane-Fountain City School District Order*, the precursor to *Kalamazoo* that established the existing-contract exception, the Bureau ruled that "an applicant with an existing contract that was not previously posted is obligated only to post its requests, carefully consider all bona fide bids submitted, and wait the requisite 28-day time period prior to renewing an existing contract for the funding year for which it is requesting discounts." This is exactly what FHC did. In this case, FHC and TQCI faithfully followed to the competitive bidding rules under all these

¹⁴ See Exhibit 4, column 7 ("Date Provisioning Began").

¹⁵ Waukon Order at para. 5 (emphasis added).

Request for Review by Cochrane-Fountain City School District, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc., File No. SLD-140683, CC Dockets No. 96-45 and 97-21, Order, 15 FCC Rcd 16628, 16631 para. 7 (Com. Car. Bur. 2000).

precedents, and FHC's adoption of the existing TQCI contracts falls squarely under *Cochrane* and the *Waukon* exception.¹⁷

Finally, it is important to note that neither FHC nor TQCI has sought or expects payment for the pre-installation services provided during FY2015 under the February 2 and March 10, 2016 contracts. In fact, this is the source of the confusion surrounding this matter: FHC did not submit Forms 466 for these services during FY 2015 because there was nothing to fund: billing had not started. Indeed, USAC likely would have denied funding under any such Forms 466. TQCI was able to activate those circuits only on later dates. Therefore, contractually, TQCI did not request payment for the pre-activation work, and FHC did not render payment. Rather, the parties recognized that payment, and funding, would be appropriate only upon the activation of the subject circuits during FY2016.

III. PLEA FOR RELIEF AND CONCLUSION

Failure to reverse USAC's erroneous decision to deny funding for these necessary telecommunication services would have a terrible and adverse impact on FHC. The budgetary ramifications of FHC being denied appropriate and proper funding would be great, and could force FHC to make difficult choices, such as whether to scale back the care provided at remote rural facilities, or possibly cut staffing levels, in order to offset the cost of lost RHC program funding. FHC followed the program rules, and should not be penalized for doing so simply

¹⁷ The Kalamazoo Order states specifically that "applicants who, after a bidding process, choose to continue service under an existing contract need not formally enter into a new contract," Kalamazoo at para. 7 (emphasis added), TCQI recognizes that the Bureau has suggested that it is "advisable" to memorialize that decision after the bidding process is complete," Kalamazoo at 1. See Waukon at para. 3 (applicants are "encouraged to memorialize, at the conclusion of the 28-day waiting period, its decision to continue under the existing contract and to enter the date of its memorialization as the contract award"), inasmuch as "such action will help SLD to determine whether the applicant has in fact properly complied with the Commission's competitive bidding requirements" and that such a memorialization "will help SLD during application review to recognize instances where an applicant's reliance on an existing contract does not facially violate competitive bidding rules." Kalamazoo at para. 7. TQCI will make it a practice to follow this suggestion in any future HCP adoptions of existing contracts for which RHC funding will be sought.

¹⁸ See supra note 14.

because the factual situation around its program compliance is complex and confusing. The Bureau should uphold the spirit and purpose of the RHC program--assisting healthcare providers in rural communities to receive support for the often costly but critical telecommunications services required to provide quality healthcare-- as well as its own precedents in *Cochrane*, *Kalamazoo and Waukon*, by reversing the USAC Appeal Denial and granting the appropriately-requested funding.

Respectfully submitted,

TELEQUALITY COMMUNICATIONS, INC.

By

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Its Attorney

June 26, 2017

DECLARATION

I declare under penalty of perjury that t	he foregoing	Request for	Review is	true and
			7.	
correct to the best of my knowledge and belief.				

Executed on this $\frac{1}{2} \frac{4}{9}$ day of $\frac{1}{2}$, 2017

Justin A. Volker
Director of Regulatory Affairs
TeleQuality Communications, Inc.

EXHIBIT 1

USAC Appeal Denial Letter



Administrator's Decision on Rural Health Care Program Appeals

Via Electronic and Certified Mail

April 27, 2017

Mr. Dale G. Wollenzien Family Healing Center 2109 Navajo Blvd Holbrook, AZ 86025

Re:

Family Healing Center's Appeal of USAC's Decisions for Funding Year (FY) 2016 Funding Request Numbers (FRNs) 1688225, 1688233, 1688235, 1688240, 1688241, 1688262, 1695631, 1695637, 1695640, 1695642, 1695646, and 1695653

Dear Mr. Wollenzien:

The Universal Service Administrative Company (USAC) has completed its evaluation of the November 3, 2016 and December 6, 2016 letters of appeal submitted on behalf of Family Healing Center. The appeals request that USAC reverse the denial of funding for the FY 2016 FRNs referenced above in the federal Universal Service Rural Health Care Telecommunications Program (RHC Telecom Program).

USAC has reviewed the appeals and the facts related to these matters, and has determined that Federal Communications Commission (FCC) rules do not support reversing the denials of funding for the subject FRNs. Specifically, as discussed in detail below, Family Healing Center signed new contracts with TeleQuality Communications, Inc. (TeleQuality) on February 2, 2016 and March 10, 2016, prior to posting a FY 2016 FCC Form 465 to initiate the competitive bidding process for FY 2016. Accordingly, Family Healing Center did not comply with the FCC's competitive bidding rules. Further, USAC is not authorized to waive FCC rules. USAC is therefore unable to grant the appeals.

¹ Email from William Smith, Third Party Filing Services, on behalf of Family Healing Center, to USAC (Nov. 3, 2016) (*November Appeal*); Letter from William Smith, Third Party Filing Services, on behalf of Family Healing Center, to USAC (Dec. 6, 2016) (*December Appeal*).

² USAC denied FRNs 1688225, 1688233, 1688235, 1688240, 1688241, 1688262, 1695631, 1695637, 1695640, 1695642, 1695646, and 1695653 based on Family Healing Center's failure to comply with the FCC's competitive bidding rules. *See* Email from USAC, to Family Healing Center (Nov. 2, 2016); Email from USAC, to Family Health Center (Dec. 6, 2016). FRNs 1688225, 1688233, 1688235, 1688240, and 1688241 were also denied based on the applicant's failure to provide documentation to support the rural rates reported on the FCC Forms 466. *See* Email from USAC, to Family Healing Center (Nov. 2, 2016). Because USAC affirms its decision to deny all FRNs based on the applicant's failure to comply with the FCC's competitive bidding rules, USAC does not address the merits of Family Healing Center's arguments with respect to the documentation provided in support of its rural rates herein.

Mr. Dale G. Wollenzien Family Healing Center April 27, 2017 Page 2 of 5

Appeal Decision Explanation

FCC rules require health care providers (HCPs) to conduct a competitive bidding process for eligible services by submitting a FCC Form 465, and waiting 28 days before selecting or signing a contract for eligible services.³ The period after the 28 days sets the allowable contract selection date (ACSD), which is the earliest date that HCPs may enter into a contract with a service provider and receive RHC Telecom Program support for a particular funding year. Under FCC rules, there is a limited exception that permits an HCP to choose to continue to receive service under an existing contract signed before the end of the required 28-day period for the applicable FCC Form 465, provided that "(i) the applicant is choosing to continue service under an existing contract; (ii) the applicant competitively bid the services for the new funding year; and (iii) the applicant decides, after reviewing the competitive bids, to continue with the existing contract." HCPs that consider an existing contract as a bid under these conditions must wait the required 28 days before deciding to continue services under the active contract.⁵ USAC is not authorized to waive the FCC's competitive bidding requirements.⁶

On September 1, 2015, Family Healing Center submitted a FY 2015 FCC Form 465 requesting telecommunications services, which resulted in the selection of TeleQuality to provide Ethernet (100 Mbps) services for FY 2015 on a contract basis. On the corresponding FY 2015 FCC Form 466 requesting these services, Family Healing Center indicated that it received no bids in response to its FY 2015 FCC Form 465 and provided February 2, 2016 as the "Date Contract Signed or Date HCP Selected Carrier." Family Healing Center also noted the contract reference number on the FY 2015 FCC Form 466 as "NCH.AZ.012216.0009," and provided the contract for these services noting the same. USAC issued a funding commitment letter (FCL) for the Ethernet (100 Mbps) services (FRN 1582549) from TeleQuality. However, Family Healing Center subsequently submitted a FY 2015 FCC Form 467, informing USAC that these services were or would not be turned on during FY 2015 and cancelling the request.

³ 47 C.F.R. § 54.603(a), (b)(1), (3) (2016).

⁴ Request for Review Franciscan Skemp Waukon Clinic, WC Docket No. 02-60, Order, 29 FCC Rcd 11714, 11715, para. 3 (2014) (Waukon Order) (citing to Request for Review of the Decision of the Universal Service Administrator by Kalamazoo Pub. Schs., CC Docket No. 96-45, Order on Reconsideration, 17 FCC Rcd 22154, 22157-58, paras. 6-7 (2002)).

⁵ See id.

⁶ See generally 47 C.F.R. § 54.702(c) (2016) ("[USAC] may not make policy, interpret unclear provisions of the statute or rules, or interpret the intent of Congress."); 47 C.F.R. § 1.3 (2016) ("The provisions of this chapter may be suspended, revoked, amended, or waived for good cause shown, in whole or in part, at any time by the Commission, subject to the provisions of the Administrative Procedures Act and the provisions of this chapter.").

⁷ FY 2015 FCC Form 465 No. 43157988 (Sept. 1, 2015); see FY 2015 FCL for FRN 1582549 (July 13, 2016).

⁸ FY 2015 FCC Form 466 for FRN 1582549 (June 10, 2016).

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¹⁰ See TeleQuality Agreement NCH.AZ.012216.0009, at 1 (Feb. 2, 2016) (covering FRN 1582549 for Ethernet (100 Mbps) services).

¹¹ See FY 2015 FCL for FRN 1582549 (July 13, 2016).

¹² FY 2015 FCC Form 467 for FRN 1582549 (July 20, 2016).

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On February 2, 2016, Family Healing Center signed a five-year service agreement with TeleQuality for T3/DS3 (45 Mbps) services. On March 10, 2016, Family Healing Center signed a two-year contract with TeleQuality for Ethernet (1 Gbps) services. Both contracts stated that the terms would begin on the circuit completion date.

On May 27, 2016, Family Healing Center submitted a FY 2016 FCC Form 465 requesting telecommunications services that had an ACSD of June 24, 2016. On August 31, 2016. Family Healing Center submitted FCC Forms 466 requesting T3/DS3 (45 Mbps) services and Ethernet (1 Gbps) services from TeleQuality for FY 2016 (FRNs 1688225, 1688233, 1688235, 1688240, 1688241, and 1688262) and provided February 2, 2016 and March 10, 2016 as the "Date Contract Signed or Date HCP Selected Carrier," which were before the June 24, 2016 ACSD for the FY 2016 FCC Form 465. Tamily Healing Center indicated on the FCC Forms 466 that it did not receive any bids in response to its FY 2016 FCC Form 465 and provided September 1, 2016 as the expected service start date for the Ethernet (1 Gbps) services and October 1, 2016 as the expected service start date for the T3/DS3 (45 Mbps) services. 18 Family Healing Center also noted the contract reference number for those requests for T3/DS3 (45 Mbps) services (FRNs 1688225, 1688233, 1682235, 1688240, and 1688241) as "NCH.AZ.012216.0010," and the contract reference number for its request for Ethernet (1 Gbps) services (FRN 1688262) as "NCH.AZ.031016.0028." The contracts submitted in support of these requests noted the same.²⁰ On November 2, 2016, USAC denied these FRNs because, among other reasons, Family Healing Center did not comply with the FCC's competitive bidding rules.²¹ USAC determined that the TeleOuality contracts were signed before the June 24, 2016 ACSD for Family Healing Center's FY 2016 FCC Form 465.²²

On November 15, 2016, Family Healing Center re-submitted its FY 2016 requests for T3/DS3 (45 Mbps) services and Ethernet (1 Gbps) services from TeleQuality (FRNs 1695631, 1695637, 1695640, 1695642, 1695646, and 1695653) and again provided February 2, 2016 and March 10, 2016 as the "Date Contract Signed or Date HCP Selected Carrier," which were before the June 24, 2016 ACSD for the FY 2016 FCC Form 465.²³ Family Healing Center

 ¹³ See TeleQuality Agreement NCH.AZ.012216.0010, at 1 (Feb. 2, 2016) (covering FRNs 1688225, 1688233, 1688235, 1688240, 1688241, 1695631, 1695637, 1695640, 1695642, and 1695646 for T3/DS3 services).
 ¹⁴ See TeleQuality Agreement NCHC.AZ.031016.0028, at 1 (Mar. 10, 2016) (covering FRNs 1688262 and 1695653 for Ethernet (1 Gbps) services).

¹⁵ TeleQuality Agreement NCH.AZ.012216.0010, at 1 (Feb. 2, 2016); TeleQuality Agreement NCHC.AZ.031016.0028, at 1 (Mar. 10, 2016).

¹⁶ FY 2016 FCC Form 465 No. 43165901 (May 27, 2016).

¹⁷ FCC Forms 466 for FRNs 1688225, 1688233, 1688235, 1688240, 1688241 and 1688262 (Aug. 31, 2016).

¹⁸ *Id*.

¹⁹ Id

²⁰ TeleQuality Agreement NCH.AZ.012216.0010, at 1 (Feb. 2, 2016); TeleQuality Agreement NCHC.AZ.031016.0028, at 1 (Mar. 10, 2016).

²¹ FY 2016 Denial Letters for FRNs 1688225, 1688233, 1688235, 1688240, 1688241, 1688262 (Nov. 2, 2016); see also supra note 2.

²² Email from USAC, to Family Healing Center (Nov. 2, 2016).

²³ FCC Forms 466 for FRNs 1695631, 1695637, 1695640, 1695642, and 1695646 (Nov. 15, 2016); FCC Form 466 for FRN 1695653 (Nov. 15, 2016).

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indicated on the FCC Forms 466 that it did not receive any bids in response to its FY 2016 FCC Form 465 and provided November 15, 2016 as the expected service start date for the Ethernet (1 Gbps) services and October 1, 2016 and December 1, 2016 as the expected service start dates for the T3/DS3 (45 Mbps) services.²⁴ Consistent with its initial filings, Family Healing Center also noted the contract reference number for those requests for T3/DS3 (45 Mbps) services (FRNs 1695631, 1695637, 1695640, 1695642, and 1695646) as "NCH.AZ.012216.0010," and the contract reference number for its request for Ethernet (1 Gbps) services (FRN 1695653) as "NCH.AZ.031016.0028." The contracts submitted in support of these requests noted the same. On December 6, 2016, USAC denied these FRNs because Family Healing Center did not comply with the FCC's competitive bidding rules. USAC determined that the TeleQuality contracts were signed before the June 24, 2016 ACSD for Family Healing Center's FY 2016 FCC Form 465.

In its appeals, Family Healing Center requests that USAC reverse the denial of funding for all FRNs at issue and explains that the "carrier was unable to complete service installation and turn-up prior to the end of Funding Year 2015...so NCHC filed Form 465 Application Number 43165901 in Funding Year 2016..." Family Healing Center further asserts that it "chose to continue with TeleQuality Communications, considering the existing contracted services as Standing Bids, which...is why the contracts have a signature dated prior to the ACSD of 6/24/2016." Family Healing Center also notes that it did not receive any other bids for its FY 2016 FCC Form 465.

Based on the documentation provided, we find Family Healing Center did not comply with the FCC's competitive bidding rules. As explained above, FCC rules allow HCPs to choose to continue to receive service from a prior funding year under an existing contract signed before the start of the required 28-day period for the applicable FCC Form 465, provided that "(i) the applicant is choosing to continue service under an existing contract; (ii) the applicant competitively bid the services for the new funding year; and (iii) the applicant decides, after reviewing the competitive bids, to continue with the existing contract."³² However, those circumstances are not present here.

As noted above, Family Healing Center requested support for Ethernet (100 Mbps) services for FY 2015 under contract "NCH.AZ.012216.0009" signed February 2, 2016, but later cancelled the request because the services were or would not be turned on during FY 2015. Family Healing Center then submitted FCC Forms 466 requesting T3/DS3 (45 Mbps) services

 $^{^{24}}$ FCC Forms 466 for FRNs 1695631, 1695637, 1695640, 1695642, 1695646, and 1695653 (Nov. 15, 2016). 25 Id

²⁶ TeleQuality Agreement NCH.AZ.012216.0010, at 1 (Feb. 2, 2016); TeleQuality Agreement NCHC.AZ.031016.0028, at 1 (Mar. 10, 2016).

²⁷ FY 2016 Denial Letters for FRNs 1695631, 1695637, 1695640, 1695642, 1695646, and 1695653 (Dec. 6, 2016).

²⁸ Email from USAC, to Family Healing Center (Dec. 6, 2016).

²⁹ November Appeal at 2; December Appeal at 1.

³⁰ November Appeal at 2; December Appeal at 1.

³¹ November Appeal at 2; December Appeal at 1.

³² Waukon Order, 29 FCC Rcd at 11715, para. 3 (emphasis added).

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and Ethernet (1 Gbps) services from TeleQuality for FY 2016 (FRNs 1688225, 1688233, 1688235, 1688240, 1688241, and1688262) and re-submitted these requests (FRNs 1695631, 1695637, 1695640, 1695642, 1695646, and 1695653) based on two new contracts, both of which were signed before the June 24, 2016 ACSD: (1) contract "NCH.AZ.012216.0010" signed on February 2, 2016, and (2) contract "NCH.AZ.031016.0028 signed on March 10, 2016.³³ Thus, Family Healing Center was not continuing to receive these services through an existing contract when it initiated its competitive bidding process for FY 2016. Rather, contracts "NCH.AZ.012216.0010" and "NCH.AZ.031016.0028" were new contracts for FY 2016 executed 115 days before Family Healing Center posted its FY 2016 FCC Form 465 and before the June 24, 2016 ACSD. Because Family Healing Center was not continuing to receive services through an existing contract, and instead signed *new contracts* with TeleQuality before the start of the 28-day waiting period for Family Healing Center's FY 2016 FCC Form 465, Family Healing Center did not comply with the FCC's competitive bidding rules.³⁴

Further, although Family Healing Center's FY 2016 FCC Forms 466 indicate that Family Healing Center received no bids in response to its FY 2016 FCC Form 465, the FCC has found that this fact does not cure the failure to wait 28 days before selecting a service provider. Therefore, the FRNs for FY 2016 cannot be funded through the RHC Telecom Program. We also note that USAC cannot waive the FCC's rules to grant the requested relief. The service of the requested relief.

If you wish to appeal this decision or request a waiver, you can follow the instructions pursuant to 47 C.F.R. Part 54, Subpart I (47 C.F.R. §§ 54.719 to 725). Further instructions for filing appeals or requesting waivers are also available at:

http://www.usac.org/about/about/program-integrity/appeals.aspx

Sincerely,

/s/ Universal Service Administrative Company

Copy: William Smith, Third Party Filing Services

³³ FCC Forms 466 for FRNs 1688225, 1688233, 1688235, 1688240, and 1688241 (Aug. 31, 2016); FCC Form 466 for FRN 1688262 (Aug. 31, 2016); FCC Forms 466 for FRNs 1695631, 1695640, 1695642, 1695646, and 1695653 (Nov. 15, 2016).

³⁴ See Waukon Order, 29 FCC Rcd at 11717, para. 9 (affirming USAC's denial of funding based on a violation of the FCC's competitive bidding rules, where the HCP requested FY 2005 funding based on a new contract that it signed one day before posting its FY 2005 FCC Form 465 and stating that "[e]ntering into an agreement with a service provider before the completion of the 28-day bidding period circumvents the competitive bidding process and ultimately damages the integrity of the program.").

³⁵ See id. at 11717, para. 8 (stating "[t]he fact that [the HCP] did not receive bids from any other service provider during the 28-day waiting period does not cure [the HCP's] error in prematurely signing a contract with [the service provider].").

³⁶ Supra note 6.

EXHIBIT 2

Funding Year 2015 FCC Form 465

FCC Form **465**

Health Care Providers Universal Service Description of Services Requested & Certification Form

Approval by OMB

3060-0804

Estimated time per response: 1 hour

Read instructions thoroughly before completing t	his form. Failure to com	ply may cause delayed or denied funding.	
Form 465 Application Number (assigned by RHCD) 43157988			
Block 1: HCP Location Information			
Information required in this block applies to the physical loc			
1 HCP Number 16330	2 Consortium		
3 HCP Name Family Healing Center	4 HCP FCC R	egistration Number (FCC RN) 0013747969	
5 Contact Name Sirena Tracas			
6 Address Line 1 2109 Navajo Blvd	4		
7 Address Line 2	7 Address Line 2 8 County Navajo		
9 City Holbrook	10 State AZ	11 ZIP Code 86025	
12 Phone # (928) 524-2851		14 E-mail stracas@nchcaz.org	
Block 2: HCP Mailing Contact Information			
15 Is the HCP's mailing address (where correspondence s	should be X	Yes, complete Block 2	
sent) different from its physical location described in Blo	ock 1?	No, go to Block 3.	
16 Contact Name William C Smith	17 Organization	North Country HealthCare - Holbrook	
18 Address Line 12109 Navajo Blvd			
19 Address Line 2			
20 City Holbrook	21 State AZ	22 ZIP Code 86025	
23 Phone # (928) 522-9755 24 Fax # (9	928) 522-9756	25 E-mail wsmith@nchcaz.org	
Block 3: Funding Year Information			
26 Funding Year (Check only one box)			
	ear 2014 (7/1/2014-6/30/2015) X Year 2015 (7/1/2015-6/30/2016)	
Block 4: Eligibility 27 Only the following types of HCPs are eligible. Indicate v	which actoropy describes the	applicant (Check only one)	
Post-secondary educational institution offering h		Rural health clinic	
instruction, teaching hospital or medical school			
Community health center or health center provid	ling health	Consortium of the above	
care to migrants Local health department or agency		Dedicated ER of rural, for-profit hospital	
Community mental health center			
Not-for-profit hospital		Part-time eligible entity	
28 If consortium, dedicated emergency department, or part-time eligible entity was selected in Line 27, please describe the entity.			
	2		
	*	4	
29 Please describe the eligible health care provider's telec	communications and/or Interne	t service needs, so that service providers	
may bid to provide the services. The description should describe whether video or store and forward consultations will be			
used, whether large image files or X-rays will be transmitted, the quality of connection needed, or other relevant considerations. This HCP requires telecommunications services to several locations within Northern Arizona.			
This FIGE requires telecommunications services to several locations within Northern Anzona.			
Block 5: Request for Services			
30 Is the HCP requesting reduced rates for: Both Telecommunications & Internet Services	▼ Telesesses:	ons Service ONLY Internet Service ONLY	
I I IBoth Lelecommunications & Internet Services	IX Telecommunication	ons Service ONLY Internet Service ONLY	

Block 6: Certification			
31 X certify that I am authorized to submit this request on behalf of the above-named entity or entities, that I have examined this request, and that to the best of my knowledge, information, and belief, all statements of fact contained herein are true.			
32 X I certify that the health care provider has followed any applic	32 X I certify that the health care provider has followed any applicable State or local procurement rules.		
33 X I certify that the telecommunications services and/or Internet access charges that the HCP receives at reduced rates as a result of the HCPs' participation in this program, pursuant to 47 U.S.C. Sec. 254 as implemented by the Federal Communications Commission, will be used solely for purposes reasonably related to the provision of health care service or instruction that the HCP is legally authorized to provide under the law of the state in which the services are provided and will not be sold, resold, or transferred in consideration for money or any other thing of value.			
34 X I certify that the health care provider is a non-profit or public entity.			
35 X I certify that the health care provider is located in a rural area. Visit the RHCD website: (http://www.usac.org/rhc/tools/rhcdb/Rural/2005/search.asp) or contact RHCD at 1-800-229-5476 for a listing of rural areas.			
Pursuant to 47 C.F.R. Secs. 54.601 and 54.603, I certify that the HCP or consortium that I am representing satisfies all of the requirements herein and will abide by all of the relevant requirements, including all applicable FCC rules, with respect to funding provided under 47 U.S.C. Sec. 254.			
37 Signature Electronically signed	38 Date 01-Sep-2015		
39 Printed name of authorized person William C Smith	40 Title or position of authorized person IT manager		
41 Employer of authorized person North Country HealthCare, Inc.	42 Employer's FCC RN 0013747969		

Please remember:

- Form 465 is the **first** step a health care provider must take in order to receive the benefit of reduced rates resulting from participation in this universal service support program.
- After the HCP submits a complete and accurate Form 465, the RHCD will post it on the RHCD web site for 28 days.
- HCPs may not enter into agreements to purchase eligible services from service providers before the 28 days expire.
- After the HCP selects a service provider, the HCP must initiate the next step in the application process, the filing of Form 466 and/or 466A.

Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act, 47 U.S.C. Secs. 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. Sec. 1001.

FCC NOTICE FOR INDIVIDUALS REQUIRED BY THE PRIVACY ACT AND THE PAPERWORK REDUCTION ACT

Part 3 of the Commission's Rules authorize the FCC to request the information on this form. The purpose of the information is to determine your eligibility for certification as a health care provider. The information will be used by the Universal Service Administrative Company and/or the staff of the Federal Communications Commission, to evaluate this form, to provide information for enforcement and rulemaking proceedings and to maintain a current inventory of applicants, health care providers, billed entities, and service providers. No authorization can be granted unless all information requested is provided. Failure to provide all requested information will delay the processing of the application or result in the application being returned without action. Information requested by this form will be available for public inspection. Your response is required to obtain the requested authorization.

The public reporting for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the required data, and completing and reviewing the collection of information. If you have any comments on this burden estimate, or how we can improve the collection and reduce the burden it causes you, please write to the Federal Communications Commission, AMD-PERM, Paperwork Reduction Act Project (3060-0804), Washington, DC 20554. We will also accept your comments regarding the Paperwork Reduction Act aspects of this collection via the Internet if you send them to pra@fcc.gov. PLEASE DO NOT SEND YOUR RESPONSE TO THIS ADDRESS.

Remember - You are not required to respond to a collection of information sponsored by the Federal government, and the government may not conduct or sponsor this collection, unless it displays a currently valid OMB control number or if we fail to provide you with this notice. This collection has been assigned an OMB control number of 3060-0804.

THE FOREGOING NOTICE IS REQUIRED BY THE PRIVACY ACT OF 1974, PUBLIC LAW 93-579, DECEMBER 31, 1974, 5 U.S.C. 552a(e)(3) AND THE PAPEWORK REDUCTION ACT OF 1995, PUBLIC LAW 104-13, OCTOBER 1, 1995, 44 U.S.C. SECTION 3507.

This form should be submitted to:

Rural Health Care Division 30 Lanidex Plaza West, P.O.Box 685 Parsippany NJ 07054-0685

EXHIBIT 3

Funding Year 2016 FCC Form 465

FCC Form **465**

Health Care Providers Universal Service Description of Services Requested & Certification Form

Approval by OMB

3060-0804

Estimated time per response: 1 hour

Read instructions thoroughly before completing this form. Failure to comply may cause delayed or denied funding.			
Form 465 Application Number (assigned by RHCD) 43165901			
Block 1: HCP Location Information		HOD D	
Information required in this block applies to the	e drysical location of the	2 Consortium I	
3 HCP Name Family Healing Cen	1 HCP Number 16330		egistration Number (FCC RN) 0013747969
5 Contact Name Sirena Tracas	toi	1 1101 100 110	391311411011 (1 00 111) 00 137 47 303
6 Address Line 1 2109 Navajo Blvo	1		
7 Address Line 2	1	8 County Nav	vaio
9 City Holbrook		10 State AZ	11 ZIP Code 86025
12 Phone # (928) 524-7225	13 Fax#(928) 524		14 E-mail stracas@nchcaz.org
Block 2: HCP Mailing Contact Infor			
15 Is the HCP's mailing address (where cor		X	Yes, complete Block 2
sent) different from its physical location of	•		No, go to Block 3.
16 Contact Name William C Smith		17 Organization	North Country HealthCare - Holbrook
18 Address Line 1 2109 Navajo Blvd			•
19 Address Line 2			
20 City Holbrook		21 State AZ	22 ZIP Code 86025
23 Phone # (928) 522-1075	24 Fax #(928) 522-1	076	25 E-mail wsmith@nchcaz.org
Block 3: Funding Year Information			
26 Funding Year (Check only one box) X Year 2016 (7/1/2016-6/30/2017)	Year 2017 (7	/1/2017-6/30/2018]	Year 2018 (7/1/2018-6/30/2019)
Block 4: Eligibility			
27 Only the following types of HCPs are eliging Post-secondary educational institu		ory describes the a	pplicant. (Check only one.) Rural health clinic
instruction, teaching hospital or m	edical school		
Community health center or health	h center providing health		Consortium of the above
Local health department or agenc	care to migrants Local health department or agency Dedicated ER of rural, for-profit hospital		
Community mental health center			
Not-for-profit hospital Part-time eligible entity			
28 If consortium, dedicated emergency department, or part-time eligible entity was selected in Line 27, please describe the entity.			
29 Please describe the eligible health care provider's telecommunications and/or Internet service needs, so that service providers may bid to provide the services. The description should describe whether video or store and forward consultations will be			
used, whether large image files or X-rays will be transmitted, the quality of connection needed, or other relevant considerations.			
This HCP requires telecommunications services to several locations within Northern Arizona.			
Block 5: Request for Services			
30 Is the HCP requesting reduced rates for:		85:	
Both Telecommunications & Intere	net Services X	Telecommunication	ons Service ONLYInternet Service ONLY

Block 6: Certification		
31 X I certify that I am authorized to submit this request on behalf of the above-named entity or entities, that I have examined this request, and that to the best of my knowledge, information, and belief, all statements of fact contained herein are true.		
32 X I certify that the health care provider has followed any applicable State or local procurement rules.		
I certify that the telecommunications services and/or Internet access charges that the HCP receives at reduced rates as a result of the HCPs' participation in this program, pursuant to 47 U.S.C. Sec. 254 as implemented by the Federal Communications Commission, will be used solely for purposes reasonably related to the provision of health care service or instruction that the HCP is legally authorized to provide under the law of the state in which the services are provided and will not be sold, resold, or transferred in consideration for money or any other thing of value.		
34 X I certify that the health care provider is a non-profit or public entity.		
35 X I certify that the health care provider is located in a rural area. Visit the Eligible Rural Areas Search Tool on the Telecommunications Program web page at http://usac.org/rhc/telecommunications/tools/rural/search/search.asp or contact RHCD at (800) 453-1546 for a listing of rural areas.		
Pursuant to 47 C.F.R. Secs. 54.601 and 54.603, I certify that the HCP or consortium that I am representing satisfies all of the requirements herein and will abide by all of the relevant requirements, including all applicable FCC rules, with respect to funding provided under 47 U.S.C. Sec. 254.		
37 Signature Electronically signed	38 Date 27-May-2016	
39 Printed name of authorized person William C Smith	40 Title or position of authorized person IT manager	
41 Employer of authorized person North Country HealthCare, Inc.	42 Employer's FCC RN 0013747969	

Please remember:

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 - ◆ After the HCP submits a complete and accurate Form 465, RHCD will post it on the RHCD web site for 28 days.
 - HCPs may not enter into agreements to purchase eligible services from service providers before the 28 days expire.
 - After the HCP selects a service provider, the HCP must initiate the next step in the application process, the filing of Form 466 and/or 466A.

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This form should be submitted online through the RHC Program online application system, My Portal. https://forms.universalservice.org/usaclogin/login.asp

EXHIBIT 4

Document Associations Spreadsheet

10 Tr - Service Day & S.
10 The Service Cont. (10 The
10 Tr - Serv NCH AZ 01214 0018 202016
NCH AZ 01214 0018 202016 NCHAZ 0664 27247016 NCHAZ 0665 27247016 NCHAZ 26067 27247016 NCHAZ 26077 2724016 NCHAZ 26077 2724016 NCHAZ 26070 47197016 | Company | Comp Constant Constant Constant Constant Constant Constant 11/15/2016 11/15/2016 11/15/2016 11/15/2016 11/15/2016 12/6/2016 12/6/2016 12/6/2016 12/6/2016 12/6/2016